Council/Age	ncy Meeting Held	d::t			
Deferred/Co	ntinued to:				
☐ Approved	Conditionally Approved		☐ Denied	City Clerk's Signature	
Council Meeting Date: 4/2		4/21/	2008	Department ID Number:	PW 08-27

#### **CITY OF HUNTINGTON BEACH** REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO:

HONORABLE MAYOR AND CITY COUNCIL MEMBE

SUBMITTED BY:

PAUL EMERY, INTERIM CITY ADMINISTRATOR

PREPARED BY:

TRAVIS K. HOPKINS, PE, DIRECTOR OF FUBLIC WORKS

SUBJECT:

Approve Letter of Credit in lieu of Bond from Rainbow Disposal Co., Inc.

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: Rainbow Disposal Co., Inc. has requested to submit an Irrevocable Standby Letter of Credit in lieu of the performance bond required by the July 3, 2006 franchise agreement.

**Funding Source:** 

No funding is necessary for this action.

Recommended Action: Motion to:

Approve acceptance of a \$1 million irrevocable standby Letter of Credit in lieu of performance bond in a form approved by the City Attorney and the City Treasurer.

#### Alternative Action(s):

Do not approve acceptance of a Letter of Credit in lieu of bond.

#### REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: 4/21/2008 DEPARTMENT ID NUMBER: PW 08-27

Analysis: On July 3, 2006, City Council approved a revised franchise agreement for trash hauling services with Rainbow Disposal Co., Inc. (Rainbow). The terms of the revised agreement increased the required performance bond amount from fifty thousand dollars (\$50,000) to one million dollars (\$1,000,000). Rainbow has requested to furnish a \$1 million Irrevocable Standby Letter of Credit (L/C) in lieu of the required bond in a form substantially similar to the sample attached. Staff recommends that City Council authorize the acceptance of the L/C in lieu of performance bond to satisfy the terms of the franchise agreement.

Public Works Commission Action: Not required.

<u>Strategic Plan Goal</u>: C-2: Provide quality public services with the highest professional standards to meet community expectations and needs, assuring that the City is sufficiently staffed and equipped overall.

Environmental Status: Not applicable.

#### Attachment(s):

City Clerk's			
Page Number	No.	Description	
	1.	Sample Letter of Credit	

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# 

		NBOW DISPOSAL CO., INC.
SOUTHERN CALIFO TRADE SERVICE O 1980 Saturn Street, Monterey Park, Califo Attention: Standby L	ORNIA PERATIONS V01-519	Standby Letter of Credit No
Date: [Bank Use Or	<i>٦ly</i> ]	
BENEFICIAF	RΥ	APPLICANT
City of		Rainbow Disposal Co Inc. 17121 Nichols St. Huntington Beach, CA 92647
Currency: Amount:	USD \$	
Available by: Expiry Date:	Payment at this office. [Insert date]	2008 or any automatically extended date as herein set as of this office in Monterey Park, California
Huntington Beach, Cof ("City") in us at our above office and dated statement "The undersign Rainbow Dispute Blank(con amount of the amount the Control of the Statement of the Amount of the Statement of the Amount the Control of the Statement of the St	CA 92647, we hereby estable the amount of the amount of the eby payment of City draft(start) worded as follows:  gned, the City Administrator posal Co, Inc. has failed to pastruction performance border accompanying draft drawn city is entitled to draw as a recompanying drawn as a recompanying	Disposal Co Inc. located at 17121 Nichols St.  Jish our Irrevocable Letter of Credit in favor of the City  (\$ ). This Letter of Credit is available with  Journal on us at sight accompanied by City's signed  of the City of ("City"), hereby certifies that (1)  perform, as required by the City pursuant to the Fill in  dor trash collection agreement dated) and (2) the  junder Union Bank of California, N.A. represents the  result of such event of default."
endorsement on this  Partial and m	Letter of Credit of our payn	y the original of this Letter of Credit for our nent of such draft.  ed under this Letter of Credit.  er Union Bank of California, N.A., Letter of Credit
No	•	tomatically extended without an amendment for a one
year period beginnin	g on the present expiration nd upon each anniversary o we have sent the City's Dir	date hereof [Insert date at time of issuance of such date, unless at least sixty (60) days prior to any ector of Public Works written notice by courier service is Letter of Credit to be so extended beyond, and will
		EXHIBIT TO APPLICATION, PAGE 1 OF 2
APPLICANT'S SIGNATURE_		APPLICANT'S SIGNATUREE6.4

DATE OF APPLICATION\_\_\_\_\_

DATE OF APPLICATION

## EXHIBIT FOR STANDBY LETTER OF CREDIT APPLICATION: THIS EXHIBIT, IN THIS FINAL FORM, IS AN INTEGRAL PART OF AND MUST BE ATTACHED TO UNION BANK OF CALIFORNIA, N.A. APPLICATION AND AGREEMENT FOR IRREVOCABLE STANDBY LETTER OF CREDIT DATED\_\_\_\_\_.

APPLICANT: RAINBOW DISPOSAL CO., INC.

expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

All banking charges under this Letter of Credit are for the account of the Applicant.

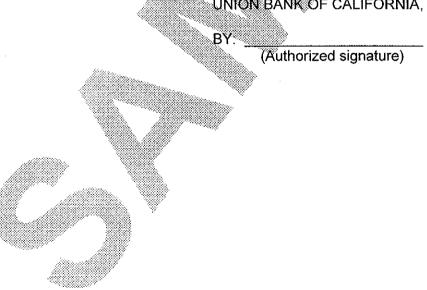
Draft(s) and document(s) under this Letter of Credit must be presented for payment at: Union Bank of California, N.A. Southern California Trade Service Operation, 1980 Saturn Street, V01-519, Monterey Park, California, 91755-7417 Attention: Standby Letter of Credit Section.

If requested by City, payment of City conforming drawing(s) under this Letter of Credit will be made in immediately available funds of Union Bank of California, N.A. by wire transfer to City's account with a bank designated by City which is a member of the Federal Reserve System. If City does request that any such payment be made by wire transfer to an account with another bank or to an account with us, we and/or such other bank may rely on an account number specified in such request as long as the account number identifies the City of Huntington Beach as the intended payee.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, and engages us in accordance with the terms thereof.

We hereby engage the City that each draft drawn and presented to us in compliance with the terms and provisions of this Letter of Credit will be duly honored by payment to City of the amount requested.

Very truly yours, UNION BANK OF CALIFORNIA, N.A.



E6.5

APPLICANT'S SIGNATURE \_\_\_\_\_ APPLICATION \_\_\_\_\_ DATE OF APPLICATION \_\_\_\_\_ DATE OF APPLICATION \_\_\_\_\_